

LCN Fund Full Submission
Supplementary Answer Form

Tick if this answer is Confidential:

Tick if this answer has been provided verbally:

Project code:	UKPNT205	Question Number	UKPNT205 - 22
Question date	17 September 2013	Answer date	19 September 2013
Submission section question relates to	2: Project Description		
Topic	Commercial		
Question	Please provide further information on the ToU trials. Will they be 'live' (ie changing to reflect network availability) or fixed. What will be the time granularity of the tariffs? Will they be dependent on LV and HV network capacity.		
Notes on question			
Answer	<p>Given the lack of knowledge and research in the UK on ToU tariffs, specifically with regards to fuel poor and vulnerable customers, it would be prudent to stick with a static ToU tariff rather than a potentially more complex dynamic ToU tariff for the purposes of this project</p> <p>Although a dynamic tariff may more closely match the local network requirements, it is thought that the project should focus on tackling the fundamental question of, whether fuel poor and vulnerable customers can engage in a ToU tariff at all?</p> <p>A significant amount of knowledge can be gained from focussing on this question alone. We will be able to see what is the best way to communicate this kind of tariff, what is the uptake, do these customers understand the tariff structure, can they respond to it and do they change behaviour? Furthermore if customers do change their behaviour, we aim to identify how and why they have done so.</p> <p>It is anticipated that the results of this project will help to inform future work on more complex tariffs that could potentially be targeted at specific</p>		

	<p>areas or change their pricing structure on a seasonal or even daily basis, but will not look to test this directly.</p> <p>In terms of time granularity, it is anticipated that any time bands on the tariff will be structured on an hourly basis, for example on British Gas' Customer Led Network Revolution (CLNR) tariff, the peak period is between 4pm and 8pm. Furthermore, for our Low Carbon London (LCL) project this is also structured on an hourly basis, with peak period being communicated to trial participants 24 hours ahead. In terms of data, it is expected that energy consumption data will be captured and provided to the project on a half hourly basis.</p> <p>With regards to the structure of the tariff, we propose to build on the work carried out by the LCL project. Furthermore, also on the CLNR project, which has trialled a three rate tariff, with an 'off-peak', 'day' and 'peak' rate that was modelled on forecasted 2020 wholesale electricity costs and distributions charges. While this is the starting point for the design of the tariff structure, we are mindful that the ToU trial will not start until the latter part of 2016 and that this is a long time away. We will therefore look to both incorporate the latest thinking in the design of static ToU tariffs when we come towards the start of the trial. We also regard the time and price structure, and presentation, of ToU tariff itself as part of the intervention we are looking to test and so this will be informed by the learnings gained during the project. This will also look to incorporate any findings from Trial 1 and local network constraints into the tariff design.</p> <p>We would not provide any tariff that is based on LV capacity. Our business case demonstrates that there is a material impact, but not an impact that would be worth fine-tuning to the local level of LV capacity. As such, a tariff would only reflect peak demand at the wider HV and EHV level.</p> <p>As stated in our UKPNT205-17 response, the project will monitor as part of the ToU trial for excess consumption and look to intervene where appropriate. British Gas will put in place a guarantee that customers will not be worse off for the purpose of the trial.</p>
Attachments	
Verbal Clarifications (Consultants)	